**Stamp Duty and Stamp Duty Reserve Tax - Growth Market Exemption**

**The 20% Compounded Annual Growth Test Condition (see STSM041310) Formula is:**

$$\left(\left(\frac{EV}{BV}\right)^{^{1}/\_{3}}-1\right)×100$$

In order to meet this condition (section 99A (5) (b) FA1986) HMRC must be satisfied that the market’s rules require companies seeking admission to demonstrate at least 20% compounded annual growth over the three periods of account preceding admission in either:

1. gross revenue or
2. employment

**Definitions**

1. **Gross Revenue Test:**

“EV” = the company’s gross revenue for the last of the three pre-admission periods of account

“BV” = the company’s gross revenue for the period of account immediately preceding the three pre-admission periods of account.

“Period of Account” = the period for which the company draws up accounts.

1. **Employment Test:**

“EV” = the number of employees of the company at the end of the last of the three pre-admission periods of account.

“BV” = the number of employees of the company at the end of the period of account immediately preceding the three pre-admission periods of account.

“Period of Account” = the period for which the company draws up accounts.